

**PUBLIC DISCLOSURE**

FEBRUARY 25, 2000

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BERKSHIRE BANK**

24 NORTH STREET  
PITTSFIELD, MA 01202

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **BERKSHIRE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **FEBRUARY 25, 2000**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

**INSTITUTION'S CRA RATING:** This institution is rated "Outstanding".

Berkshire Bank is rated Outstanding. This rating is based upon the bank's strong performance under the Lending Test, including a reasonable performance under its Geographic Distribution, Borrower Characteristics, Loss of Affordable Housing, and Fair Lending Practices, and its superior performance under its Community Development Lending and Innovative or Flexible Lending. This rating is also based upon the bank's superior performance under the Investment and Service Tests.

## **LENDING, INVESTMENT, AND SERVICE TEST TABLE**

<b>PERFORMANCE TESTS</b> <b>Berkshire Bank</b>			
<b>Performance Levels</b>	Lending Test*	Investment Test	Service Test
Outstanding		<b>X</b>	<b>X</b>
High Satisfactory	<b>X</b>		
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

\*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

## **PERFORMANCE CONTEXT**

## Description of Institution

Berkshire Bank is a community based mutual savings bank, incorporated under the laws of the Commonwealth of Massachusetts in 1846. On June 8, 1995, the Board of Trustees and Corporators of the bank voted to approve and adopt a Plan of Reorganization of Berkshire County Savings Bank from Mutual Savings Bank to Mutual Holding Company. In September 1996, the Directors of Berkshire County Savings Bank and the Trustees of Great Barrington Savings Bank voted to merge and form a new financial institution named Berkshire Bank. The corporate merger forming Berkshire Bank became effective May 1, 1997. Berkshire Bank maintains two wholly owned subsidiaries, GBSB, Inc., and Greenland Development Corporation (GDC). GBSB, Inc., maintains the bank's investment portfolio and GDC maintains home equity loans and cash.

As of the December 31, 1999, Federal Deposit Insurance Corporation's (FDIC) Quarterly Call Report, Berkshire Bank had approximately \$842 million in assets. Of these total assets, approximately \$666 million or 79.1 percent were in the form of loans (net), which represents 85.1 percent of total earning assets of approximately \$783 million.

The following table details the bank's loan portfolio as of December 31, 1999.

Loan Portfolio as of December 31, 1999	
Type of Loans	% of Gross Loans
Construction & Land Development	1.3
Residential Real Estate	
a. 1-4 Family Mortgages	36.8
b. Home Equity Lines/Second Mortgages	5.3
Multifamily	2.2
Commercial Loans	
a. Commercial Real Estate	6.6
b. Commercial & Industrial Loans	21.7
c. Agricultural Loans	0.0
Consumer Loans	
a. Credit Cards & Related Plans	0.1
b. Loans to Individuals	26.0
Total	100.0

Source: FDIC Consolidated Report of Condition (12/31/99).

Berkshire Bank offers home mortgage financing and refinancing through fixed and variable rate products, as well as construction loans, home equity loans, and Home Equity Lines of Credit. A wide variety of consumer loans are available including automobile (new and used), personal, and home improvement loans. Business and commercial lending is provided through commercial and industrial loans, including real estate secured mortgages, construction, equipment, and lines of credit.

There appears to be no legal or regulatory impediments that would effect the bank in meeting the needs of its community. The FDIC, on April 27, 1998, last examined Berkshire Bank for compliance with the Community Reinvestment Act. That examination resulted in a CRA rating of "Outstanding". The Division of Banks, on April 30, 1997, examined Berkshire Bank for compliance with the Community Reinvestment Act. That examination resulted in a CRA rating of "Outstanding".

### **Description of Pittsfield**

The City of Pittsfield is located in Berkshire County and was incorporated in 1761. Lanesboro borders the city on the north, Lenox, Richmond, and Hancock on the West, Dalton on the East, and Washington on the Southeast. Pittsfield is approximately 55 miles northwest of Springfield and 136 miles west of Boston.

Berkshire County is located in the western-most region of the Commonwealth of Massachusetts. The county is predominately rural with the exception of Pittsfield, which is Berkshire County's largest urban and economic center. Pittsfield accounts for 34 percent of the county's population and 65 percent of the county's total employment. Pittsfield's largest employers are Lockheed Martin Defense Systems and Berkshire Medical Center. Other large employers in the area include General Electric Plastics and Hillcrest Hospital. Pittsfield once supported numerous textile mills and a large manufacturing industry. Outside of Pittsfield, however, the major economic base has shifted to recreational industries. Major attractions include Tanglewood, the summer home of the Boston Symphony; numerous golf courses; and several ski areas. Also, the Berkshire Mountain Range is famous for its foliage, which brings in thousands of tourists every fall.

### **Description of Assessment Area**

Berkshire Bank's current assessment area consists of all the communities located in Berkshire County (The Berkshires). The Berkshires includes 32 cities and towns with a population base of approximately 135,900. The largest communities include Pittsfield (46,400), North Adams (16,797), and Great Barrington (7,416).

The Berkshires contains both the Pittsfield and the non-Metropolitan Statistical Area (MSA). The following presents Berkshire Bank's assessment area by MSA. Also included are the HUD estimated 1998 and 1999 Median Family Incomes for the respective MSA's.

<b>Assessment Area by Metropolitan Statistical Area (MSA)</b>	
<b>Pittsfield MSA</b>	<b>Non-MSA</b>
Adams, Cheshire, Dalton, Glendale, Lanesboro, Lee, Lenox, Pittsfield, Stockbridge	Alford, Ashley Falls, Becket, Clarksburg, North and South Egremont, Florida, Great Barrington, Housatonic, Hancock, Hinsdale, Mill River, Monterey, Mount Washington, New Ashford, New Marlborough, North Adams, Otis, Peru, Richmond, Sandisfield,

		Savoy, Sheffield, Tyringham, Washington, West Stockbridge, Williamstown, Windsor	
Median Family Incomes (\$)			
Pittsfield MSA		Non-MSA	
1998	1999	1998	1999
44,200	45,000	44,900	46,400

\*Source: PCI Services, Inc., CRA Wiz Software.

Berkshire Bank's assessment area contains thirty-four census tracts. Of those tracts, three or 8.8 percent are low-income, five or 14.7 percent are moderate-income, twenty-three or 67.7 percent are middle-income, and three or 8.8 percent are upper-income.

Housing information obtained from PCI Services, Inc., CRA Wiz, based upon 1990 census data, indicated that there are 64,324 housing units within the bank's assessment area. Refer to the following table for more information.

<b>Assessment Area Housing Statistics*</b>					
<b>Census Tracts</b>	<b># of Housing Units</b>	<b>% Owner Occupied</b>	<b>% Renter Occupied</b>	<b>% Vacant</b>	<b>Total</b>
Low	2,760	9.3	81.0	9.7	<b>100.0</b>
Moderate	8,815	41.8	50.6	7.6	<b>100.0</b>
Middle	48,246	57.8	24.4	17.8	<b>100.0</b>
Upper	4,503	79.3	9.8	10.9	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

The 1990 census data indicates that in Berkshire Bank's assessment area the weighted average median value of a home was \$115,953, while the weighted average median family income was \$38,398. Further, 73.0 percent of the households in the assessment area earn a wage/salary, while 33.1 percent receive social security, 8.5 percent receive public assistance, 20.9 percent are retired, and 9.2 percent are below the poverty level.

### **Description of Aggregate Data Utilized/Lending Activity**

Aggregate data, for HMDA reportable lending performance purposes only, constitute 232 (both large and small) mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, which have originated and/or purchased residential mortgage and/or home improvement loans within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). The total number of originations/purchases received by these lenders in calendar year 1998 was 5,199. The top five lenders (in descending order) within Berkshire Bank's assessment area in 1998 were: Greylock Federal Credit Union, 600 loans/12% share; Lee Bank, 597 loans/11% share; City Savings Bank, 595 loans/11% share; Berkshire Bank, 592 loans/11% share; and Pittsfield Co-operative Bank, 315 loans/6% share.

Aggregate data, for small business lending performance purposes only, constitutes 34 (both large and small) mortgage companies, savings banks, commercial banks, and cooperative banks, which have originated and/or purchased small business loans within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). The total number of originations/purchases received by these lenders in calendar year 1998 was 1,982. The top five lenders (in descending order) within Berkshire Bank's assessment area in 1998 were: First Massachusetts Bank, 494 loans/25% share; Berkshire Bank, 444 loans/22% share; City

Savings Bank, 276 loans/14% share; American Express, 210 loans/11% share; and BankBoston, NA, 166 loans/8% share.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

### **LENDING TEST**

The institution's Lending Test performance was rated an overall "High Satisfactory". The institution's lending efforts are rated under seven performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Loss of Affordable Housing, and Fair Lending. The following information details the data compiled and reviewed, as well as conclusions on the bank.

#### ***I. Lending Activity***

A review of Berkshire Bank's loan to asset ratio was performed during the examination. Berkshire Bank's net loan to total asset ratio as of December 31, 1999 was 79.1 percent, up slightly from 76.8 percent as of December 31, 1998.

A comparison of Berkshire Bank's net loans to total asset ratio to that of local competitors was performed. As of December 31, 1999, Berkshire Bank had total assets of \$841,570,000 and a net loan to total asset ratio of 79.1 percent. The net loan to total asset ratios of area community financial institutions is reflected in the following table. Those institutions chosen for this analysis have a main office or branch location in the bank's assessment area. The data presented is as of December 31, 1999.

#### **COMPARATIVE NET LOAN-TO-ASSETS RATIOS**

<b>Financial Institution</b>	<b>Total Assets (000)</b>	<b>Net Loan to Total Asset Ratio (%)</b>
Adams Co-operative Bank	119,741	85.4
Lee Bank	204,281	84.2
Lenox Savings Bank	112,796	80.7
<b>Berkshire Bank</b>	<b>841,570</b>	<b>79.1</b>
Greylock Federal Credit Union	430,679	75.4
City Savings Bank	393,425	70.6
The Pittsfield Co-operative Bank	170,609	62.4
South Adams Savings Bank	147,703	60.7
Hoosac Bank	233,000	54.1

Source: FDIC Consolidated Report of Condition on December 31, 1999

Berkshire Bank's loan portfolio overall has experienced reasonable growth. From December 31, 1998 to December 31, 1999, the bank's loan portfolio (gross) grew by 11.1 percent. The following table reflects Berkshire Bank's loan portfolio (gross) by type of loan for December 31, 1998 and December 31, 1999 (per FDIC Quarterly Call Reports), as well as the growth rate of each loan type.

#### **BERKSHIRE BANK'S LOAN PORTFOLIO COMPARISON**

<b>Loan Types</b>	<b>December 31, 1998 \$(000)</b>	<b>December 31, 1999 \$(000)</b>	<b>% Growth</b>
Construction & Land Development	10,033	8,735	-12.9
1-4 Family Mortgages	226,145	248,128	9.7
Home Equity Lines & Second Mortgages	31,665	35,986	13.7
Multifamily	15,393	14,793	-3.9
Commercial Real Estate	106,733	44,682	-58.1
Commercial & Industrial Loans	76,241	146,196	91.8
Consumer Loans	140,549	175,574	24.9
<b>TOTAL</b>	<b>606,759</b>	<b>674,094</b>	<b>11.1</b>

Source: FDIC Consolidated Report of Condition (12/31/98 and 12/31/99)

Management indicated that the growth in commercial and industrial lending is attributable to a new product developed by the bank in late 1998 called the Small Business Express Credit Program. This program offers a streamlined approval process, thus expediting the time it takes to grant small business loans. In 1999, Berkshire Bank granted \$1,690,000 in small business loans under this new program. Also, management indicated that there was a shift between the commercial real estate and the commercial and industrial loan categories due to a change in the coding of these loans for accounting purposes. The increase in consumer lending reflects the ongoing relationship with local auto dealers that the bank maintains by providing in-direct automobile loans. The growth in the 1-4 family portfolio is considered reasonable insofar as Berkshire Bank periodically sells its fixed rate residential mortgages. In 1998 and 1999, the bank sold 111 residential mortgage loans totaling \$9,766,804 to a variety of investors.

### ***HMDA Reportable Lending***

In 1998 Berkshire Bank made a total of 625 HMDA-reportable loans of which 592 or 94.7 percent were within its assessment area. In 1999, the bank originated 482 HMDA loans of which 446 or 92.5 percent were within its assessment area. A HMDA reportable loan is defined as home purchase loans (including originations, purchases, and refinances) as well as home improvement loans. In 1998, Berkshire Bank's HMDA reportable lending within the assessment area consisted of 33.7 percent home purchases, 0.6 percent government home purchases, 65.2 percent refinances, and 0.6 percent multifamily. In 1999, 53.5 percent of the HMDA-reportable loans were home purchases, 0.7 percent were government home purchases, 45.2 percent were refinances, and 0.6 percent were multifamily. In 1998, Berkshire Bank was ranked fourth in market share (out of 232 lenders) for HMDA reportable originations within its assessment area with 592 originations or 11.4 percent of the market.

### ***Small Business Lending***

Berkshire Bank originated 490 small business loans in 1998 of which 444 or 90.6 percent were within its assessment area. In 1999, the bank originated 479 small business loans of which 446 or 93.1 percent were within its assessment area. For purposes herein, a small business loan is defined as a loan with an original amount of \$1 million or less that is: "secured by nonfarm, nonresidential properties or; commercial and industrial loans to US addressees." This definition is consistent with that found in the FDIC Call Report instructions. In 1998, Berkshire Bank was ranked second in market share (out of 34 lenders) for small business lending within its

assessment area with 444 originations or 22.4 percent of the market. Overall, Berkshire Banks lending activity appears to be strong.

## ***II. Geographic Distribution***

A financial institution's geographic distribution of lending is measured by its lending performance inside its assessment area, as compared to outside of its assessment area, as well as the penetration of lending from within its assessment area to the various census tracts contained therein.

### ***HMDA Reportable Loans***

An analysis was conducted of HMDA reportable loans extended both inside and outside of Berkshire Bank's assessment area for the period under review. For the purposes herein, the period under review constitutes calendar years 1998 and 1999. During this period, Berkshire Bank originated 1,107 HMDA reportable loans totaling approximately \$142,411,000. Of this amount, 1,038 loans, or 93.8 percent of the number and \$130,403,000, or 91.6 percent of the dollar volume were originated in the bank's assessment area.

By number, Pittsfield accounted for the largest number of originations with 24.1 percent, followed by Great Barrington with 15.1 percent. Pittsfield and Great Barrington also accounted for the largest dollar volume of originations with 14.2 percent each. Refer to the following tables for additional information regarding the bank's HMDA reportable lending, by both number and dollar amount.

#### **HMDA-Reportable Loans by Number of Originations**

Location	1998		1999		Totals	
	#	%	#	%	#	%
Pittsfield	128	20.5	139	28.8	267	24.1
Great Barrington	101	16.1	66	13.7	167	15.1
West Stockbridge, Egremont,	60	9.6	41	8.5	101	9.1

Alford, Mount Washington						
New Marlborough, Monterey, Sandisfield, Tyringham	64	10.2	33	6.9	97	8.7
Sheffield	56	9.0	28	5.8	84	7.6
Stockbridge	30	4.8	23	4.8	53	4.8
Hinsdale, Becket, Otis, Washington	30	4.8	23	4.8	53	4.8
Dalton	19	3.0	18	3.7	37	3.3
Lee	19	3.0	15	3.1	34	3.1
Richmond, Hancock, New Ashford	18	2.9	14	2.9	32	2.9
Lenox	21	3.4	8	1.7	29	2.6
Lanesborough	10	1.6	12	2.5	22	2.0
Clarksburg, Peru, Windsor, Florida, Savoy	11	1.7	4	0.8	15	1.4
Williamstown	8	1.3	6	1.2	14	1.3
Cheshire	8	1.3	5	1.0	13	1.2
North Adams	3	0.5	8	1.7	11	1.0
Adams	6	1.0	3	0.6	9	0.8
<b>Inside Assessment Area</b>	<b>592</b>	<b>94.7</b>	<b>446</b>	<b>92.5</b>	<b>1,038</b>	<b>93.8</b>
Outside Assessment Area	33	5.3	36	7.5	69	6.2
<b>Total</b>	<b>625</b>	<b>100.0</b>	<b>482</b>	<b>100.0</b>	<b>1,107</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

#### **HMDA-Reportable Loans by Dollar Amount of Originations**

Location	1998		1999		Totals	
	\$ (000)	%	\$ (000)	%	\$(000)	%
Pittsfield	9,643	11.8	10,581	17.5	20,224	14.2
Great Barrington	12,612	15.4	7,584	12.5	20,196	14.2
New Marlborough, Monterey, Sandisfield, Tyringham	11,273	13.7	6,759	11.2	18,032	12.6
West Stockbridge, Egremont, Alford, Mount Washington	9,972	12.2	7,820	12.9	17,792	12.5
Sheffield	7,529	9.2	4,185	6.9	11,714	8.2

Stockbridge	5,078	6.2	4,582	7.6	9,660	6.8
Hinsdale, Becket, Otis, Washington	3,768	4.6	2,610	4.3	6,378	4.5
Lenox	3,376	4.1	1,665	2.8	5,041	3.5
Richmond, Hancock, New Ashford	2,982	3.6	1,841	3.0	4,823	3.4
Lee	1,997	2.4	2,506	4.1	4,503	3.2
Dalton	1,814	2.2	1,816	3.0	3,630	2.5
Lanesborough	900	1.1	1,207	2.0	2,107	1.5
Cheshire	1,450	1.8	507	0.8	1,957	1.4
Williamstown	1,109	1.4	589	1.0	1,698	1.2
Clarksburg, Peru, Windsor, Florida, Savoy	936	1.1	321	0.5	1,257	0.9
North Adams	148	0.2	603	1.0	751	0.5
Adams	308	0.4	332	0.6	640	0.5
<b>Inside Assessment Area</b>	<b>74,895</b>	<b>91.4</b>	<b>55,508</b>	<b>91.7</b>	<b>130,403</b>	<b>91.6</b>
<b>Outside Assessment Area</b>	<b>7,014</b>	<b>8.6</b>	<b>4,994</b>	<b>8.3</b>	<b>12,008</b>	<b>8.4</b>
<b>Total</b>	<b>81,909</b>	<b>100.0</b>	<b>60,502</b>	<b>100.0</b>	<b>142,411</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

Based upon the aforementioned analysis, Berkshire Bank's HMDA reportable lending within its assessment area appears to be significant.

### ***Small Business Lending***

An analysis was conducted of the geographic distribution of Berkshire Bank's small business lending utilizing internally generated reports. For the purposes herein, the period under review (for small business lending) constitutes calendar years 1998 and 1999.

Berkshire Bank originated 969 small business loans totaling approximately \$95,736,000 during the period under review. A total of 890 loans totaling \$87,336,000 were originated to businesses within its assessment area representing 91.9 percent of the number and 91.2 percent of the dollar volume originated. Refer to the following tables for additional information regarding Berkshire Bank's small business lending, by both number and dollar amount.

#### **Small Business Loans by Number of Originations**

Location	1998		1999		Totals	
	#	%	#	%	#	%
<b>Inside Assessment Area</b>	<b>444</b>	<b>90.6</b>	<b>446</b>	<b>93.1</b>	<b>890</b>	<b>91.9</b>
<b>Outside Assessment Area</b>	<b>46</b>	<b>9.4</b>	<b>33</b>	<b>6.9</b>	<b>79</b>	<b>8.1</b>
<b>Total</b>	<b>490</b>	<b>100.0</b>	<b>479</b>	<b>100.0</b>	<b>969</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

#### **Small Business Loans by Dollar Amount of Originations**

Location	1998		1999		Totals	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Inside Assessment Area	43,931	90.4	43,405	92.1	87,336	91.2
Outside Assessment Area	4,677	9.6	3,723	7.9	8,400	8.8
<b>Total</b>	<b>48,608</b>	<b>100.0</b>	<b>47,128</b>	<b>100.0</b>	<b>95,736</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

As indicated above, Berkshire Bank's level of small business lending within its assessment area is considered strong.

#### *Distribution of HMDA Reportable Loans within the Assessment Area*

An analysis of HMDA reportable lending extended within the various census tracts contained in Berkshire Bank's assessment area was conducted. As previously discussed, of the census tracts that comprise the bank's assessment area, 8.8 are percent low-income, 14.7 percent are moderate-income, 67.7 percent are middle-income, and 8.8 percent are upper-income. The following tables provide a breakdown (by number and dollar volume) of the bank's HMDA reportable loans within its assessment area according to census tract income level. The tables also show Berkshire Bank's lending in comparison to the number of owner-occupied housing units (per 1990 census data) in each of the census tract income categories.

#### **Distribution of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level**

Census Tract Income Level	Owner-Occupied Properties		1998		1999		Total	
	#	%	#	%	#	%	#	%
Low	257	0.7	5	0.8	8	1.8	13	1.2
Moderate	3,688	10.4	17	2.9	18	4.0	35	3.4
Middle	27,898	78.8	514	86.8	370	83.0	884	85.2
Upper	3,570	10.1	56	9.5	50	11.2	106	10.2
<b>Total</b>	<b>35,413</b>	<b>100.0</b>	<b>592</b>	<b>100.0</b>	<b>446</b>	<b>100.0</b>	<b>1,038</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99 and PCI Services, Inc., CRA Wiz Software

#### **Dollar Volume of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level**

Census Tract Income Level	Owner-Occupied Properties		1998		1999		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
Low	257	0.7	193	0.3	830	1.5	1,023	0.8
Moderate	3,688	10.4	832	1.1	1,188	2.2	2,020	1.5
Middle	27,898	78.8	66,969	89.4	48,145	86.7	115,114	88.3
Upper	3,570	10.1	6,901	9.2	5,345	9.6	12,246	9.4
<b>Total</b>	<b>35,413</b>	<b>100.0</b>	<b>74,895</b>	<b>100.0</b>	<b>55,508</b>	<b>100.0</b>	<b>130,403</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99 and PCI Services, Inc., CRA Wiz Software

As indicated in the above tables, 1.2 percent of the number of Berkshire Bank's HMDA reportable loans were within the low-income census tracts, which is proportional to the 0.7 percent of the area's owner-occupied housing for low-income tracts. The distribution by dollar amount to low-income census tracts was 0.8 percent. The small percentage of owner-occupied properties within the low-income census tracts greatly limits the overall HMDA reportable lending opportunities available in those areas. The distribution in moderate-income tracts was 3.4 percent by number and 1.5 percent by dollar amount. These percentages are below the 10.4 percent of owner-occupied properties in the moderate-income tracts.

A comparative analysis of Berkshire Bank's lending to that of other HMDA reporters within the assessment area was also conducted. The following table provides comparative aggregate data (exclusive of Berkshire Bank) of HMDA reportable lending within the various census tracts in its assessment area. The bank's calendar year 1998 data was utilized in the following comparison.

**1998 Lending within the Assessment Area by Census Tract Income Level**

**Berkshire Bank Compared to All Other HMDA Reporters**

Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Berkshire Bank		Aggregate Data		Berkshire Bank		Aggregate Data	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	5	0.8	75	1.6	193	0.3	4,456	1.0
Moderate	17	2.9	400	8.7	832	1.1	22,519	5.2
Middle	514	86.8	3,614	78.5	66,969	89.4	347,491	80.0
Upper	56	9.5	518	11.2	6,901	9.2	60,062	13.8
<b>Total</b>	<b>592</b>	<b>100.0</b>	<b>4,607</b>	<b>100.0</b>	<b>74,895</b>	<b>100.0</b>	<b>434,528</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/98 and PCI Services, Inc., CRA Wiz Software

As indicated in the above table, Berkshire Bank's performance in HMDA reportable lending to the low and moderate-income census tracts falls below that of the aggregate. In 1998, Berkshire Bank ranked sixth in market share for lending in low and moderate-income census tracts within its assessment area. The bank originated 22 HMDA reportable loans in these census tracts, representing 4.4 percent of the overall market.

As of the 1990 census, there appeared to be a limited number of owner occupied properties on which to lend, in the low and moderate-income census tracts. In addition, the majority of owner occupied properties within Berkshire Bank's assessment area are in the middle-income census tracts. Given these factors, the bank's performance is considered reasonable.

***Distribution of Small Business Loans within the Assessment Area***

Berkshire Bank's small business loans were also analyzed to determine the distribution by census tract income level within the assessment area. The following tables depict this distribution, by both number and dollar amount.

**Distribution of Small Business Loans within the Assessment Area by  
Census Tract Income Level**

Census Tract Income Level	1998		1999		Total	
	#	%	#	%	#	%
Low	36	8.1	29	6.5	65	7.3
Moderate	47	10.6	41	9.2	88	9.9
Middle	342	77.0	351	78.7	693	77.9
Upper	16	3.6	25	5.6	41	4.6
NA	3	0.7	0	0.0	3	0.3
<b>Total</b>	<b>444</b>	<b>100.0</b>	<b>446</b>	<b>100.0</b>	<b>890</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

**Dollar Volume of Small Business Loans within Assessment Area  
by Census Tract Income Level**

Census Tract Income Level	1998		1999		Total	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Low	6,082	13.9	1,567	3.6	7,649	8.7
Moderate	6,072	13.8	4,475	10.3	10,547	12.1
Middle	29,799	67.8	34,108	78.6	63,907	73.2
Upper	1,890	4.3	3,255	7.5	5,145	5.9
NA	88	0.2	0	0.0	88	0.1
<b>Total</b>	<b>43,931</b>	<b>100.0</b>	<b>43,405</b>	<b>100.0</b>	<b>87,336</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

Berkshire Bank originated 7.3 percent of its small business loans in low-income census tracts, representing 8.7 percent of the total dollar volume of loans within its assessment area. Additionally, the bank originated 9.9 percent of its small business loans in moderate-income census tracts, representing 12.1 percent of the total dollar volume of loans in the assessment area. The majority (77.9 percent by number) of the small business loans were extended to businesses in middle-income census tracts.

A comparative analysis of Berkshire Bank's lending to that of other small business loan reporters within the assessment area was also conducted. The following table provides comparative aggregate data (exclusive of Berkshire Bank) of small business reportable lending within the various census tract income levels in the assessment area. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

**1998 Small Business Lending within the Assessment Area by Census Tract Income Level -  
Berkshire Bank Compared to Aggregate**



Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Berkshire Bank		Aggregate Data		Berkshire Bank		Aggregate Data	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	36	8.1	158	10.3	6,082	13.9	8,323	7.9
Moderate	47	10.6	237	15.4	6,072	13.8	14,858	14.2
Middle	342	77.0	1,078	70.1	29,799	67.8	76,020	72.5
Upper	16	3.6	56	3.6	1,890	4.3	4,936	4.7
NA	3	0.7	9	0.6	88	0.2	684	0.7
<b>Total</b>	<b>444</b>	<b>100.0</b>	<b>1,538</b>	<b>100.0</b>	<b>43,931</b>	<b>100.0</b>	<b>104,821</b>	<b>100.0</b>

Source: Berkshire Bank's Small Business Loan Register for the period 1/1/98 to 12/31/98 and PCI Services, Inc., CRA Wiz Software

As indicated in the above table, the bank's percentage of small business lending by number in low and moderate-income census tracts is below that of the aggregate's percentage of lending. Berkshire Bank ranked third in market share for small business lending in low and moderate-income census tracts with 17.4 percent of the overall market.

Based on the above information, Berkshire Bank's HMDA reportable and small business lending within its assessment area is considered reasonable.

### **III. Borrower Characteristics**

An analysis was conducted of Berkshire Bank's HMDA reportable lending to borrowers of different incomes and its small business lending to businesses of different revenue size.

#### **Analysis of Borrower Income**

##### **HMDA Reportable Loans**

An analysis of HMDA reportable lending extended within the bank's assessment area, among borrowers of various income levels for the period under review was performed. Originations were categorized by the ratio of the applicant's reported incomes to the 1998 and 1999 estimated median family income of the Pittsfield MSA and non-MSA, depending upon the location of the property.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate income is defined as income between 50 to 79 percent of the median family income level for the MSA. Middle income is defined as income between 80

and 119 percent of the median family income level for the MSA. Upper income is defined as income greater than 120 percent of the median family income level for the MSA.

The following tables reflect Berkshire Bank's HMDA reportable lending to low, moderate, middle and upper-income borrowers in comparison to the number of family households (per 1990 census data) in the assessment area in each respective income group.

**Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of Different Income Levels**

Borrower Income Level	Family Households		1998		1999		Total	
	#	%	#	%	#	%	#	%
< 50%	7,289	19.7	32	5.4	26	5.8	58	5.6
50 - 79%	7,085	19.2	61	10.3	54	12.1	115	11.1
80 - 119%	9,101	24.6	123	20.8	114	25.6	237	22.8
> = 120%	13,501	36.5	353	59.6	239	53.6	592	57.0
NA	0	0.0	23	3.9	13	2.9	36	3.5
<b>Total</b>	<b>36,976</b>	<b>100.0</b>	<b>592</b>	<b>100.0</b>	<b>446</b>	<b>100.0</b>	<b>1,038</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99 and PCI Services, Inc., CRA Wiz Software

**Dollar Volume of HMDA-Reportable Loans within the Assessment Area to Borrowers of Different Income Levels**

Borrower Income Level	Family Households		1998		1999		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
< 50%	7,289	19.7	1,651	2.2	1,071	1.9	2,722	2.1
50 - 79%	7,085	19.2	3,416	4.6	3,411	6.2	6,827	5.2
80 - 119%	9,101	24.6	10,038	13.4	8,779	15.8	18,817	14.4
> = 120%	13,501	36.5	57,179	76.3	40,479	72.9	97,658	74.9
NA	0	0.0	2,611	3.5	1,768	3.2	4,379	3.4
<b>Total</b>	<b>36,976</b>	<b>100.0</b>	<b>74,895</b>	<b>100.0</b>	<b>55,508</b>	<b>100.0</b>	<b>130,403</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99 and PCI Services, Inc., CRA Wiz Software

Included in the low-income category are 2,344 family households within the bank's assessment area whose income is considered to be below poverty level, and thus, unlikely to qualify for a HMDA reportable loan. If that category were adjusted to reflect this fact, the number of low-income family households within the bank's assessment area would be decreased to 4,945 or 14.3%.

It should be noted that those originations designated as not applicable loans are borrowers whose incomes were not taken into account when granting the loan; employees of the bank or loan purchases

For the period under review, Berkshire Bank extended 58 loans to low-income borrowers representing 5.6 percent of HMDA reportable loans within its assessment area. By dollar volume, the bank originated \$2,722,000, or 2.1 percent to low-income borrowers. These percentages fall well below the adjusted 14.3 percent of low-income households within the assessment area. In addition, the bank extended 115 loans to moderate-income borrowers, representing 11.1 percent of total HMDA originations. By dollar volume, the bank originated \$6,827,000, or 5.2 percent to moderate-income borrowers. The percentage of HMDA reportable loans by both number and dollar amount is below the 19.2 percent of moderate-income families within the assessment area.

Again, a comparative analysis of Berkshire Bank's 1998 HMDA reportable lending to that of other HMDA reporters within the assessment area was also conducted. The following table provides comparative aggregate data (exclusive of Berkshire Bank) of HMDA reportable lending to borrowers of various income levels in its assessment area.

**1998 HMDA Lending within the Assessment Area to Borrowers of Different Income Levels**  
**Berkshire Bank Compared to All Other HMDA-Reporters**

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Berkshire Bank		Aggregate Data		Berkshire Bank		Aggregate Data	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	32	5.4	236	5.1	1,651	2.2	10,604	2.4
50 - 79%	61	10.3	682	14.8	3,416	4.6	40,264	9.3
80 - 119%	123	20.8	1,149	24.9	10,038	13.4	82,839	19.1
> = 120%	353	59.6	2,034	44.2	57,179	76.3	250,260	57.6
NA	23	3.9	506	11.0	2,611	3.5	50,561	11.6
<b>Total</b>	<b>592</b>	<b>100.0</b>	<b>4,607</b>	<b>100.0</b>	<b>74,895</b>	<b>100.0</b>	<b>434,528</b>	<b>100.0</b>

Source: HMDA Data for the period 1/1/98 to 12/31/98 and PCI Services, Inc., CRA Wiz Software

The distribution of the bank's residential loans to low-income borrowers is comparable to that of all other HMDA reporters within the assessment area. The bank originated 5.4 percent by number and 2.2 percent by dollar volume of its HMDA reportable loans within the assessment area to borrowers of low-income, compared to the aggregate with 5.1 percent by number and 2.4 percent by dollar amount, respectively. Berkshire Bank's HMDA reportable lending to moderate-income borrowers accounted for 10.3 percent by number and 4.6 percent by dollar volume within the assessment area. The bank's percentages by both number and dollar amount are below that of the aggregate, which originated 14.8 percent by number and 9.3 percent by dollar volume to moderate-income borrowers, respectively.

In 1998, Berkshire Bank ranked third in lending to low and moderate-income borrowers within its assessment area. The bank originated 93 HMDA reportable loans to borrowers in these income groups, capturing 9.2 percent of the overall market. The distribution of HMDA reportable lending by borrower income demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income.

***Analysis of Small Business Lending by Loan Amount***

An analysis of Berkshire Bank's small business lending extended within the bank's assessment area by loan amount was performed. The following reflects the results of this analysis.

**Number of Small Business Loans within the Assessment Area**  
**By Amount at Origination**

Loan Amount	1998		1999		Total	
	#	%	#	%	#	%
< = \$100,000	350	78.8	346	77.6	696	78.2
> \$100,000 and < = \$250,000	51	11.5	53	11.9	104	11.7
> \$250,000	43	9.7	47	10.5	90	10.1
<b>Total</b>	<b>444</b>	<b>100.0</b>	<b>446</b>	<b>100.0</b>	<b>890</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

**Dollar Volume of Small Business Loans by Amount at Origination**

Loan Amount	1998		1999		TOTAL	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
< = \$100,000	11,146	25.4	10,920	25.2	22,066	25.3
> \$100,000 and < = \$250,000	8,549	19.4	8,830	20.3	17,379	19.9
> \$250,000	24,236	55.2	23,655	54.5	47,891	54.8
<b>Total</b>	<b>43,931</b>	<b>100.0</b>	<b>43,405</b>	<b>100.0</b>	<b>87,336</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

According to this analysis, the majority (78.2 percent by number) of the loans originated in the bank's assessment area during this period had original loan amounts of \$100,000 or less. By dollar amount, 25.3 percent of the loans had amounts less than or equal to \$100,000 and 19.9 percent had loan amounts between \$100,000 and \$250,000.

Berkshire Bank's small business lending by loan amount was compared to that of other small business loan reporters within the assessment area. The following table provides comparative aggregate data (exclusive of Berkshire Bank) of small business reportable lending within the assessment area by loan amount for calendar year 1998.

**1998 Small Business Lending within the Assessment Area  
by Loan Size Berkshire Bank Compared to Aggregate**

Loan Amount	Number of Loans				Dollar Amount of Loans			
	Berkshire Bank		Aggregate Data		Berkshire Bank		Aggregate Data	
	#	%	#	%	\$(000)	%	\$(000)	%
< = \$100,000	350	78.8	1,300	84.5	11,146	25.4	29,026	27.7
> \$100,000 and < = \$250,000	51	11.5	135	8.8	8,549	19.4	22,636	21.6
> \$250,000	43	9.7	103	6.7	24,236	55.2	53,159	50.7
<b>Total</b>	<b>444</b>	<b>100.0</b>	<b>1,538</b>	<b>100.0</b>	<b>43,931</b>	<b>100.0</b>	<b>104,821</b>	<b>100.0</b>

Source: Berkshire Bank's Small Business Loan Registers for the period 1/1/98 to 12/31/98 and PCI Services, Inc., CRA Wiz Software

As indicated above, the aggregate originated a higher percentage of small business loans for amounts of less than \$100,000. However, Berkshire Bank's small business lending still reflects a large volume of loans of smaller dollar amounts within its assessment area.

***Analysis of Small Business Lending by Revenue***

Berkshire Bank's small business lending by revenue of the business within its assessment area was also analyzed. Refer to the following.

**Number of Small Business Loans within the Assessment Area  
By Revenues of the Business**

Annual Business Revenues	1998		1999		Total	
	#	%	#	%	#	%
< = \$1,000,000	333	75.0	321	72.0	654	73.5
> \$1,000,000	111	25.0	118	26.4	229	25.7
NA	0	0.0	7	1.6	7	0.8
<b>Total</b>	<b>444</b>	<b>100.0</b>	<b>446</b>	<b>100.0</b>	<b>890</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

**Dollar Volume of Small Business Loans within the Assessment Area**  
**By Revenues of the Business**

Annual Business Revenues	1998		1999		Total	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
< = \$1,000,000	26,832	61.1	25,747	59.3	52,579	60.2
> \$1,000,000	17,099	38.9	17,248	39.7	34,347	39.3
NA	0	0.0	410	1.0	410	0.5
<b>Total</b>	<b>43,931</b>	<b>100.0</b>	<b>43,405</b>	<b>100.0</b>	<b>87,338</b>	<b>100.0</b>

Source: Small Business Loan Registers for the period 1/1/98 to 12/31/99

As the above tables reflect, the majority of the loans (73.5 percent by number, 60.2 percent by dollar) originated during this period were granted to small businesses with annual revenues are \$1 million or less.

A comparative analysis was conducted of Berkshire Bank's lending to that of other small business loan reporters within the assessment area. The following table provides comparative aggregate data (exclusive of Berkshire Bank) of small business reportable lending within the assessment area by revenue of the business for calendar year 1998.

**1998 Small Business Lending within the Assessment Area by Revenue**  
**Berkshire Bank Compared to Aggregate**

Annual Business Revenues	Number of Loans				Dollar Amount of Loans			
	Berkshire Bank		Aggregate Data		Berkshire Bank		Aggregate Data	
	#	%	#	%	\$(000)	%	\$(000)	%
< = \$1,000,000	333	75.0	918	59.7	26,832	61.1	56,360	53.8
> \$1,000,000	111	25.0	620	40.3	17,099	38.9	48,461	46.2
<b>Total</b>	<b>444</b>	<b>100.0</b>	<b>1,538</b>	<b>100.0</b>	<b>43,931</b>	<b>100.0</b>	<b>104,821</b>	<b>100.0</b>

Source: Berkshire Bank 's Small Business Loan Registers for the period 1/1/98 to 12/31/98 and PCI Services, Inc., CRA Wiz Software

As demonstrated above, the bank's percentage of lending, by both number and dollar amount, to business with revenues of less than one million is well above the aggregate.

In conclusion, Berkshire Bank's distribution of HMDA-reportable loans within its assessment area to borrowers of different incomes is considered reasonable. In addition, the bank's small business lending within its assessment area demonstrated a strong distribution of loans for smaller dollar amounts to smaller sized businesses.

#### ***IV. Community Development Lending***

Berkshire Bank has provided loans to various organizations for community development purposes. As defined in the revised CRA regulation, a community development purpose is: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. However, in order to qualify as a community development loan, the loan must not be reportable as a home mortgage or small business loan, unless it is for a multi-family dwelling (five or more units).

The availability of qualified community development lending opportunities within Berkshire Bank's assessment area is considered somewhat limited. However, it appears that the bank is poised to take advantage of any community development lending opportunity should it arise, as demonstrated by the following activities.

#### Downtown Pittsfield Development Company, LLC (DPDC)

DPDC is a Massachusetts Limited Liability Company located in Pittsfield. In October 1998, Berkshire Bank was the lead bank in a \$2,344,000 participation loan to DPDC. The Berkshire Bank portion of the loan was \$820,400 (35 percent). The purpose of the loan was to renovate and redevelop the Central Block Building located on 75 North Street (low-income census tract) in downtown Pittsfield. The Central Block redevelopment is the first project of the Pittsfield Central Development Corporation, LLC (PCDC). PCDC acquired the Central Block building for \$1 and stabilized the property while redevelopment plans were generated.

Construction is underway on this project. The participating banks have lease and/or commitments to lease from Berkshire Health System and the Central Berkshire Chamber of Commerce. In addition, a special tax assessment agreement is in place with the City of Pittsfield.

#### 71 Dalton Avenue

In March 1998, Berkshire Bank granted a \$154,000 commercial mortgage for the acquisition of 71 Dalton Avenue. The property is an eleven-unit mixed-use rental property located in a moderate-income census tract in Pittsfield. The Dalton Avenue Variety Store occupies the first floor of the property, and ten, one bedroom apartments that are approved as Section 8 housing subsidy occupy the upper floors.

#### Mental Health & Substance Abuse Services of the Berkshires, Inc. (MHSAS)

In June 1998, Berkshire Bank granted a \$206,113 term loan to MHSAS to support receivables and leasehold improvements. MHSAS is a non-profit organization that provides services in Central, Northern, and Southern Berkshire County, not only for mental health needs but also alcohol and substance abuse problems.

#### Community Development Corporation of Berkshire County (CDC)

Berkshire Bank granted a \$20,000 unsecured Line of Credit to the Berkshire CDC in October 1998. The purpose of the loan was to provide funds to the CDC, which it in turn uses to fund loans and grants to local businesses. The CDC only uses these funds if it is in the process of receiving grant monies from the State.

#### Goodwill Industries of Berkshire County, Inc. (Goodwill)

In June 1999, Berkshire Bank granted a \$63,000 term loan to Goodwill for loan and bill consolidation. Goodwill is a not for profit corporation that currently operates three retail used clothing stores (two in Pittsfield, one in Adams) and a program for job retraining for displaced workers.

## ***V. Innovative or Flexible Lending Practices***

Berkshire Bank has several loan programs that are aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. These programs are detailed below.

### ***Residential Mortgage Programs***

#### Guaranteed Rural Housing

This program is designed for low and moderate-income homebuyers who do not have sufficient cash to qualify for a conventional, 5 percent downpayment program. No Private Mortgage Insurance is required however, a 1 percent up-front Guarantee Fee is assessed. This program is available only on single family, owner occupied properties for a maximum loan of \$124,875. Two loans totaling \$199,681 were closed under this program in 1999.

#### Country Homes

This is a low-income program that combines a Mass Housing Finance Agency first mortgage by Berkshire Bank and a second mortgage by Rural Housing Services. Up to one hundred percent financing is available for single family properties in Berkshire County, except for the City of Pittsfield. Private Mortgage Insurance is not required and gift funds from family members are permitted. One loan for \$55,200 was written in 1999 under this program.

#### Massachusetts Housing Finance Agency (MHFA)

This is a low to moderate-income program providing 95 percent financing for 30 years, for First Time Homebuyers. In 1999, the bank closed fifteen loans totaling \$1,545,010 under this program.

#### First Time Homebuyer

Berkshire Bank offers a First Time Homebuyer program on one to two family properties for up to 30 years. The program offers loan-to-value ratios of up to 95 percent with more flexible underwriting ratios. In 1998, Berkshire Bank granted one loan for \$83,600 and, in 1999, granted three loans totaling \$267,800 under this program.

#### Good Samaritan Home Ownership Program

This program provides up to 95 percent financing to low and moderate-income borrowers to purchase their first home in Berkshire County. Eligible properties include 1-4 family, owner

occupied units. The bank provides the first mortgage on the property for up to 80 percent of the value. The second mortgage for up to 15 percent of the value is provided by the Berkshire Fund (a division of Berkshire Housing Development Corporation). Two loans totaling \$117,950 were closed in 1998, and two loans totaling \$138,400 were closed in 1999 under this program.

#### Home Options for Massachusetts Elders (HOME)

The HOME program provides a variety of mortgage products to elders, including a reverse mortgage program. Under the reverse mortgage program, the elder homeowner must first participate in a counseling program through HOME in order to determine if any other services that they provide may assist the individual before recommending the reverse mortgage. One reverse mortgage was closed in 1999 under this program. In addition, Berkshire Bank also participates in the Senior Equity Line of Credit (SELOC) program provided through HOME. This program provides elders with a source of funds to cover unexpected future property and life related expenses. In 1998, Berkshire Bank granted one SELOC loan for \$27,788.

### ***Small Business Loan Programs***

#### Small Business Express Credit Program (SBECF)

Berkshire Bank developed SBECF in late 1998. The program is geared toward small businesses in Berkshire County. Business owners can apply at a local Berkshire Bank branch and receive an expedited response. Under SBECF, qualified businesses must have annual sales of less than one million and a total loan relationship of \$250,000 or less. In 1999, ninety loans totaling \$1,690,000 were granted under this program.

#### Business Manager Program

Berkshire Bank's Business Manager Program is used to assist business with management and funding of their account receivables. This program is designed for small growing businesses that can not sustain a sufficient line of credit. In 1999, Berkshire Bank granted \$750,000 in loans under this program.

#### Small Business Administration's Guaranty Loan Program and 504 Program

Through the Guaranty Loan Program, partial financing is provided to new or start-up small businesses that qualify. In 1999, a total of 18 loans were approved under this program. The 504 program offers long-term, low-interest, fixed-rate loans for the purchase of land and buildings. Approximately, \$1,105,506 in loan dollars was originated under this program in 1999.



### Capital Access Program

The Massachusetts Business Development Corporation's Small Business Capital Access Program provides loans to businesses that do not fit the standard bank lending criteria. One loan totaling \$44,200 was originated under this program in 1999.

### ***Other Programs***

Berkshire Bank is approved as a delegated underwriter for MGIC and PMI mortgage insurance companies. This allows the bank to approve private mortgage insurance without submitting it to the mortgage insurance company and waiting for approval. As long as the borrowers credit score falls within the acceptable range, the program allows for faster service in closing the loan.

Berkshire Housing Development and Berkshire Bank entered into a partnership with Rural Housing Services to provide housing funds to low-income rural families. The bank has received \$216,000 from the USDA for this partnership.

### ***VI. Loss of Affordable Housing***

Berkshire Bank's lending performance has allowed low and moderate-income individuals to remain in their neighborhoods. The bank's origination of loans does not reflect an undue concentration, nor indicates a systematic pattern of lending resulting in the loss of affordable housing units.

### ***VII. Fair Lending Policies and Practices***

Berkshire Bank has established a Fair Lending Policy Statement that addresses discrimination. It is the bank's policy to prevent and detect discrimination by assuring that its policies and practices treat all applicants equally. Detailed below is the bank's fair lending performance as it correlates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

#### **Staff Training**

During March and April of 1999, 24 employees of the bank attended training seminars on residential lending procedures. Topics included sessions on the Home Mortgage Disclosure Act, Equal Credit Opportunity Act, Fair Housing Act, and Community Reinvestment Act. In addition, on November 18, 1998, each member of the Board was presented with a copy of a booklet entitled "Closing the Gap" for further review.

#### **Staff Composition and Compensation**

Berkshire Bank has a staff of 255 full-time, 31 part-time, 6 seasonal, and 2 temporary employees, seven of whom are minorities. The bank employs bilingual individuals who speak Spanish, Thai, and Italian.

In 1999, the bank had two mortgage originators who were compensated on a base salary plus commission. As of January 1, 2000, there was one mortgage originator was paid a base salary plus commission. All other lending personnel are paid a regular salary.

## **Outreach**

In an effort to determine the credit needs of its assessment area, Berkshire Bank maintains ongoing contact with area organizations. These organizations include, but are not limited to, the Pittsfield Economic Revitalization Corporation, the North County Community Development Corporation, the Western Massachusetts Enterprise Fund, Inc., the Pittsfield Capital Formation Committee, the Christian Center, Homeowner Options for Massachusetts Elders, Elder Services of Berkshire County, Berkshire Housing Development Corporation, the Berkshire County Regional Housing Authority, and all of the Southern Berkshire Community Development Corporations.

Berkshire Bank maintains an active Officer Call Program designed to attract and encourage small business development. The bank's corporate and small business call programs provide direct marketing to business owners via the bank's commercial lenders and branch managers. In 1999, Berkshire Bank call officers made over 1,000 calls throughout Berkshire County.

## **Credit Products and Underwriting Standards**

Berkshire Bank's commercial and retail loan officers evaluate both the credit products offered and the bank's loan policy on at least an annual basis. This analysis is conducted to help determine whether the bank is offering competitive products and whether those products are responsive to the assessment area's needs.

Specific credit products geared toward low and moderate-income individuals or geographies are discussed in Section V. - Innovative or Flexible Lending Practices of this Public Evaluation.

## **Marketing**

Berkshire Bank's advertising is published in virtually every form of newspaper and/or other print media that is circulated throughout its assessment area. This print media includes the Berkshire Eagle, the North Adams Transcript, Penny Saver (a free publication), the Berkshire Record, Berkshire Trade & Commerce, The Pittsfield Gazette, The Women's Times, and The Advocate (also a free publication). The bank also markets its products and services on radio stations WBRK, WBEC, WUPE, WSBS (Great Barrington), and WMNB (North Adams).

## **Credit Education**

On August 24, 1999, Berkshire Bank held a first time homebuyer seminar in a partnership with REMAX Realty. The seminar was held at the bank's West Street office in Pittsfield and was attended by thirteen people. Speakers at the seminar included a mortgage originator, a realtor, an attorney, and a home inspector.

The bank held first time homebuyer seminars on October 21, 1999, October 28, 1999 and November 4, 1999. Between eight to ten people attended each seminar. The bank's Vice President of Retail Lending participated in all three seminars. Topics included "Budgeting and Credit, Getting Back on Track with your Finances", and "Should I buy a home?"

On June 8, 1999, the bank held a free homebuyer informational seminar in celebration of National Homeownership Week. The seminar was held at the bank's Pittsfield branch and was presented by the bank's Vice President of Retail Lending and a mortgage originator. Topics included homeownership, various program options, and credit issues.

The bank's Vice President of Retail Lending participated in a Good Samaritan Homebuyer class on Tuesday, August 10, 1999.

### **Counseling**

The bank refers all loan customers whose home loan is delinquent to the appropriate counseling agency available in the area. A form containing the names, addresses, and phone numbers of various counseling agencies is given to the borrowers.

### **Second Review Practices**

Berkshire Bank has a procedure in place in which all loan applications that are originally declined are subject to a second review by a committee consisting of the Senior Vice President of Retail Lending, the Vice President of Retail Lending, and the Retail Loan Administration Officer. The review is performed to ensure that proper consideration is given to each loan application and to allow for any alternate structure of terms, which could make the request viable.

### **Internal Control Procedures**

The bank's Loan Processor reviews the HMDA/LAR reports on a quarterly basis to check for any missing information.

## INVESTMENT TEST

Given its significant commitment to area organizations within the assessment area, Berkshire Bank's performance under the Investment Test is considered to be "Outstanding". Refer to the following.

As defined under the revised CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination. The following describes the institution's qualified investments.

### Investments

Berkshire Bank continues to maintain and/or invest in bonds with a community development purpose.

- Equity Investment- The Berkshires Capital Investors Fund II Limited Partnership (Fund II) - In January 2000, Berkshire Bank invested \$200,000 (40% share) in a limited partnership interest in Fund II. Berkshire Bank's total commitment to Fund II is \$500,000 with the remaining \$300,000 callable and payable on demand. Fund II is a venture capital fund based in the Berkshires and focused on Western Massachusetts. The offering seeks a minimum of \$10,000,000 with a target of \$15,000,000 to be invested primarily in growing companies in the region. The Berkshires Capital Investors Limited Partnership I (Fund I), the group's first fund, was a \$5,000,000 Limited Partnership focused exclusively on Berkshire County. Fund I benefited nine companies and supported approximately 245 jobs.

- Equity Investment – Berkshire Sports and Events Limited Liability Company (LLC) – In 1999, Berkshire Bank and the parent company of The Berkshire Eagle, a local newspaper, formed this LLC and invested \$30,000 each in a six-month real estate option on property that formerly was the Falcon car dealership (low-income census tract). This property is being considered for a 6,500 seat, multi-use stadium that would be the centerpiece of a redevelopment site.
- Equity Investment - Pittsfield Central Development Corporation LLC (PCDC) – The PCDC was established in 1997 through equity investments by several local financial institutions and the Chamber of Commerce. Berkshire Bank played a pivotal role in bringing the PCDC together and made an initial investment of \$40,000. The purpose of the PCDC is to serve as a catalyst for the redevelopment of downtown Pittsfield.
- The Berkshire Fund Bonds – The funds received from the bonds issued by The Berkshire Fund help to support the Berkshire Fund's Good Samaritan (second mortgage) Program. In 1998, Berkshire Bank maintained three Berkshire Fund bonds totaling \$405,000 however, one issue for \$174,000 matured in 1999. Also, in February 1999, the bank purchased an additional bond for \$57,750.
- Berkshire Housing Development Corporation (BHDC) Bonds – BHDC was created to bring together the leadership, expertise, and financial resources to address the housing needs in Berkshire County. The bank maintains a \$60,000 BHDC bond.
- Consumer Credit Counseling Service of Massachusetts (CCCS) - In 1998, Berkshire Bank made a \$6,000 grant to CCCS.

Berkshire Bank's total investments (placed and/or committed) is \$1,098,750.

## **Charitable Contributions**

### Greater Berkshire Foundation (GBF)

The merger of Berkshire County Savings Bank and Great Barrington Savings Bank created concerns on the part of the directorate and senior management of both financial institutions regarding the distribution of contributions to community organizations in the future. Several of the community organizations within the county had received donations from both institutions in the past. The concern was that because of the merger, these organizations might see the bank's contributions halved. Therefore, Berkshire Bank (the merged institution), created the GBF, a charitable foundation formed to help area non-profits and community groups. The combined institutions funded the foundation with a \$2.5 million donation.

In 1998, the GBF pledged and/or contributed a total of \$261,451 in grants, \$94,010 or 36.0 percent of which is considered to be qualified for CRA. In 1999, the bank pledged and/or contributed a total of \$329,688, \$142,010 or 43.1 percent of which is considered to be qualified for CRA. Refer to the following.

- Northern Berkshire and Central Berkshire United Way These are volunteer driven organizations that raise and distribute funds to social service programs that respond to current, critical, and emerging community needs. GBF made corporate contributions in support of both United Way organizations in 1998 and in 1999.

- Coty Project The Coty Project operates a Youth Center and program. This program is for young people who have never had the opportunity to use the facilities at a YMCA because most of the children come from low-income families and the membership costs are prohibitive.
- The Kids' Place The Kids' Place is a Berkshire County Children's Advocacy Center for emotionally and sexually abused children.
- Berkshire Community Action Council, Inc. (BCAC) BCAC has been the designated anti-poverty agency in Berkshire County since 1966. BCAC provides numerous services to the low-income population of the county. Services provided include Fuel Assistance, Food Pantries, Transportation Services, and Our Friend's House, a shelter for homeless families.
- Children's Health Program (CHP) CHP provides pediatric and adolescent health care, early intervention programs, family support, and nutritional counseling to families in need. CHP affiliations include The Center for Children and Families at Russell House, the Family Drop-in Center, and The Center for Pediatric and Adolescent Health Care, all of which are located in Great Barrington.
- Family Life Support Center (FLSC) FLSC, located in North Adams, provides preventative counseling, crisis intervention, and case management for homeless and at-risk families and individuals.
- Child Care of the Berkshire, Inc. (CCB) CCB is a nonprofit organization that provides childcare and family support services throughout Berkshire County. A large portion of the children that CCB serves come from low-income families.
- Consumer Credit Counseling Services of Massachusetts, Inc. (CCCS) GBF continues to support this non-profit agency annually.
- Massachusetts Museum of Contemporary Arts (MassMOCA) In 1998 and 1999, GBF made donations to this organization to assist in the development of this new museum located in the one low-income census tract in Downtown North Adams. MassMOCA occupies part of the former Sprague Electric manufacturing facility. The City of North Adams has based its downtown revitalization plans and efforts on the anticipation that MassMOCA will generate new retail and commercial opportunities.

As indicated in the Performance Context of this Public Evaluation, Berkshire County relies heavily on tourism for its economy. The GBF has consistently been a supporter of cultural activities/institutions that are an essential part of the tourist activity in the Berkshires. They include, but are not limited to the following; the Contemporary Artists Center, the Berkshire Museum, the Berkshire Theatre Festival, Berkshire Opera, Tanglewood, Hancock Shaker Village, the Norman Rockwell Museum, Jacob's Pillow, and Shakespeare & Co.

Additional donations were granted to various other organizations through GBF including Central Berkshire Habitat for Humanity, Northern Berkshire and Pittsfield YMCAs, Massachusetts Bankers Association's Charitable Foundation, Inc., Girls, Inc., the Elizabeth Freeman Center, Berkshire

Center for Families and Children, Construct, Inc., the Northern Berkshire Industrial Park and Development Corporation, Pittsfield Boys and Girls Club Inc., the Western Massachusetts Enterprise Fund, Lee CDC, Downtown Pittsfield Inc., Elder Services Inc., Goodwill Industries, Literacy Volunteers of Berkshire County, and the Big Brothers-Big Sisters organizations.

Berkshire Bank also has provided contributions to organizations that provide education and training, neighborhood revitalization, youth programs, health and human services for individuals in need, and support business growth and development. For calendar year 1998, Berkshire Bank provided \$29,398 in corporate contributions, \$1,250 or 4.3 percent of which goes in support of programs that promote community development, as defined under the revised CRA regulation. For calendar year 1999, the bank provided \$25,354 in corporate contributions, \$798 or 3.2 percent of which were considered qualified for CRA consideration.

The following provides examples of the bank's contributions.

- Girls Incorporated of Pittsfield (Girls, Inc.) Girls, Inc., is a social service organization. Its programs include, but are not limited to, individual and family counseling, financial aid, teen and youth programs, and Berkshire Life Child Care.
- Elizabeth Freeman Center (The Center) The Center represents a merger between the Rape Crisis Center and Women Services. The Center provides women, children, and all victims whose lives are affected by domestic violence and sexual assault the necessary support, advocacy services and shelter in their greatest time of need. Berkshire Bank donates annually to The Center.

Additional donations were granted to various other organizations within Berkshire Bank's assessment area including the Berkshire Homeless Fund, the Big Brothers-Big Sisters organization, Goodwill Industries of the Berkshires, Inc., Sheffield Council on Aging, Walk for the Homeless, and Elder Services.

Lastly, for the period under review, Berkshire Bank, through its wholly-owned subsidiary GBSB, Inc., acquired and/or re-issued (upon maturity) \$11,770,095 in State, County, and Municipal Bonds to many of the cities and towns throughout its assessment area. Purposes for these bonds included infrastructure improvements, acquisition of new municipal equipment, school renovations, and construction of a new town hall, etc. Although not included as qualified investments under this test, these investments do demonstrate Berkshire Bank's willingness to respond to the needs of the communities within its assessment area.

## SERVICE TEST

Berkshire Bank's performance under the service test is considered to be superior. Consequently, a rating of "Outstanding" is assigned.

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following describes Berkshire Bank's services.

## RETAIL BANKING SERVICES

### Distribution of Branches

Berkshire Bank currently maintains 13 full-service and 1 limited service branch offices. The bank's limited service Main Office is located at 24 North Street in Pittsfield, Massachusetts, which falls within a low-income census tract.

Refer to the following.

<u>LOCATION</u>	<u>CENSUS TRACT</u>	<u>ATM</u>	<u>DRIVE-UP</u>
24 North Street, Pittsfield	Low	Yes	No
Park Square (Old Town Hall), Pittsfield * #	Low	No	No
Allendale Shopping Center / 75 Cheshire Road, Pittsfield * #	Middle	Yes	Yes
Allendale Shopping Center / 39 Cheshire Road, Pittsfield * #	Middle	Yes	Yes
165 Elm Street, Pittsfield * #	Middle	Yes	Yes
66 West Street, Pittsfield* #	Low	Yes	Yes
244 Main Street, Great Barrington * #	Middle	Yes	Yes
255 Stockbridge Road, Great Barrington * #	Middle	Yes	Yes
One Park Street, Lee * #	Middle	Yes	Yes
37 Main Street, North Adams * #	Low	Yes	Yes
69 Veterans Memorial Drive, North Adams *	Low	Yes	Yes
103 North Main Street, Sheffield * #	Middle	Yes	Yes
32 Main Street, Stockbridge *	Middle	Yes	No
2 Depot Street, West Stockbridge *	Middle	Yes	Yes

\* Indicates branch location has extended operating hours either on Thursday or Friday nights.

# Indicates Saturday morning hours.



Berkshire Bank also maintains an ATM on the campus of Berkshire Community College in Pittsfield. The bank establishes its banking hours at each of its other branch location based on analysis of peak-time, transaction volume and the needs of the surrounding community.

### **Record of Opening and Closing Branches**

Berkshire Bank maintains a Branch Closing Policy that was last reviewed and approved by the Bank's Board of Directors on January 20, 1999. The policy meets regulatory requirements concerning branch closing notices and procedures.

In the fall of 1999, Berkshire Bank opened its newly renovated commercial offices located in the former Central Fire Station (historical property), next to Pittsfield's City Hall in downtown (low-income census tract). The fire station had been vacant since the department's relocation to a new facility in 1976. Although there had been occasional proposals for redevelopment of the former firehouse, the building remained largely unused. The renovated building houses Berkshire Bank's Asset Management and Trust Department, Commercial Loan Division, the newly created Government Banking Department, and other bank functions in the approximately 16,500 square feet of renovated office space.

### **Alternative Retail Banking Services**

Berkshire Bank offers "Gold Line Telephone Banking", a 24-hour program which allows customers to access the bank's voice response system to make inquiries, transfer funds between accounts, make loan payments, etc. The system provides the customer a series of options and steps to follow. The phone number is toll free. In addition, Berkshire Bank offers a separate toll-free telephone number in Massachusetts for customers to contact the bank during business hours.

In 1999, the bank developed a web-site. This web-site provides 24-hour access to products and services offered by the bank. In addition, the web-site contains "information of real value" (tools, calculators, binders, etc.,) and educational materials, such as detailed information on products such as Roth IRA's.

Berkshire Bank also offers its commercial customers the option of PC banking. Commercial customers can use their personal computers with software provided by Berkshire Bank to check balances, payment amounts, deposit records, and checks that have cleared. An additional option allows for the set up of accounts for automatic transfers and for bill paying.

### **Other Retail Services**

Berkshire Bank is a participant in the Massachusetts Community and Banking Council's (M.C.B.C.) Basic Banking for Massachusetts program. This program's purpose is to encourage banks to offer low-cost checking and savings accounts for people with modest incomes. The bank offers a "No Frills" checking account with no fees and no minimum balance requirements. Also, the bank offers a no-fee basic savings (passbook and statement savings) account also with no monthly fees and no minimum balance requirement.

Berkshire Bank also offers a "Gold Club 60" account for customers over the age of 60. Both the checking and the savings accounts feature no monthly service charge and no minimum balance requirement. Other services offered include reduced fees for overdrafts, insufficient funds, and stop payments; no-fee money orders, certified checks, and treasurer's checks; no-

fee traveler's checks; no-fee notary services; no-fee signature guarantee services; and no-fee wire transfers.

The bank continues to maintain a higher than market rate on its first time homebuyer, one-year Certificate of Deposit (CD) account. This CD account was established to assist prospective homebuyers in amassing sufficient funds to be used for a downpayment. When the first time homebuyer reaches the targeted savings goal and is ready to purchase a home, the funds may be withdrawn, even prior to maturity, without penalty. This CD offers the option of making additional deposits weekly or monthly to assist the homebuyer in accumulating funds. For first time homebuyers who already have a down payment, this CD can be used to maximize the interest earned while shopping for a home.

### **Commercial Services**

The bank offers a basic, low cost checking account for the small business customer with limited transactions. This account offers a no minimum monthly balance requirement with a low monthly fee of \$9 and an allowance of 50 checks written per statement period at no additional charge.

Berkshire Bank also offers a commercial checking account. This account offers no minimum monthly balance requirement, a monthly fee of \$6, an 8-cent per deposited item – 35 cent per deposit fee, and a 15-cent per check charge. In addition, this account offers the use of Sweep Accounts, whereby excess operating balances are invested overnight earning a competitive yield while remaining available to the customer.

The bank offers "Business Manager" to its commercial customers. "Business Manager" is a complete system for billing and collection for a commercial customer's business receivables. Also the bank offers "Berkshire Business Connection", a package of time and money savings services, including no-cost checking, that the business customer can offer to its employees at no cost.

Berkshire Bank participates in the Commonwealth's Interest on Lawyers Trust Account (IOLTA) program. For the combined calendar years 1998 and 1999, Berkshire Bank sent \$106,655 in interest from IOLTA accounts to the Commonwealth. In turn, the Commonwealth distributes these monies to various agencies that provide legal services to lower-income individuals.

### **Community Development Services**

Berkshire Bank participates in the Federal Home Loan Bank of Boston's Affordable Housing Program (AHP). The AHP is designed to finance rental housing in which at least 20 percent of the units are for households with incomes that do not exceed 50 percent of the median family income for the area. In 1999, Berkshire Bank applied for and subsequently received a \$250,000 grant from AHP to be used by the Pittsfield YMCA for the construction of 44 studio apartment units. These units will be rented to low-income residents.

As indicated previously, in late 1997, Berkshire Bank created a Government Banking Department. This department serves as a financial advisor for Berkshire County cities and towns interested in issuing a State, County, and Municipal (SCM) bonds. The bank acts as a financial advisor facilitating the placement of such bonds with an investor and in some instances assists in the writing of these SCMs. Berkshire Bank also acts as a paying agent collecting interest, principal, and the payout on the bonds. The bank offers a municipal money market account with a slightly higher rate than a standard money market account to improve the interest yield payable to these cities and towns.

Late in 1998, the City of Pittsfield took possession by eminent domain of a 1,600 square foot house on South Mountain Road in Pittsfield. The house was destined for demolition due to the expansion activity at the Pittsfield Municipal Airport. In 1999, through a collaborative effort of the City of Pittsfield, Berkshire Bank, and the Berkshire Fund (a division of Berkshire Housing Development Corporation), the house was moved to a lot previously owned by Berkshire Bank. Berkshire Bank absorbed the costs of the move and the donation of the lot itself. The house was subsequently sold to a first time homebuyer who had completed the Berkshire Housing Development Corporation's Good Samaritan Home Ownership Program. Special loan and grant financing and downpayment assistance was made available through the Massachusetts Department of Housing and Community Development's HOME Program. Berkshire Bank made special first mortgage financing available to the buyer through the Good Samaritan Home Ownership Program. Because of the efforts of the City of Pittsfield, Berkshire Bank, and the Berkshire Fund, the house was sold for \$85,000.

### **Technical Assistance**

Berkshire Bank's officers and directors are involved with many community organizations, some of which directly address economic and affordable housing development for which the bank's representatives lend their technical expertise, experience, and judgment.

Refer to the following.

#### Downtown Pittsfield, Inc.

A Bank Director serves as a member and a Director of this organization.

#### Berkshire Housing Development Corporation (BHDC)

A bank Director and a Senior Vice President serve as Directors of this organization. In addition, the bank's Senior Vice President also serves as Treasurer of BHDC.

#### Massachusetts Nonprofit Housing Association

A bank Director serves as a Director of this association.

#### Lee Community Development Corporation (LCDC)

A Berkshire Bank Director serves as a member, Director, and Secretary/Clerk of LCDC.

In addition, Berkshire Bank Directors' have previously served in a related capacity for the Federal Home Loan Bank of Boston, Downtown Inc., Berkshire Community Development Corporation, and the Northern Berkshire Industrial Park & Development Commission.

#### Pittsfield Downtown Development Committee (PDDC)/Pittsfield Vacant & Abandoned Housing Committee (PVAHC)

Berkshire Bank's Executive Vice President and Senior Loan Officer serves as a member of PDDC and also serves as Chairman of its Downtown Parking Issue Committee, as parking is a major problem in downtown Pittsfield. This individual serves as a member of the PVAHC, a committee that is very active in identifying and demolishing and/or renovating houses in targeted areas of Pittsfield.

#### Southern Berkshire Housing Committee

A bank Senior Vice President is a member of this committee. This organization addresses the housing needs of low and/or moderate-income families in Southern Berkshire County.

#### Community Development Corporation of Southern Berkshire County (CDCSBC)

The CDCSBC offers seminars and lends monies to small businesses. A Berkshire Bank Vice President serves as Treasurer of this organization.

#### Pittsfield Housing Authority (PHA)

A bank Vice President serves as Commissioner of the PHA. The PHA manages 515 Section 8 certificates and vouchers, 5 elderly housing projects, 7 family projects, 4 physically or mentally handicapped projects, a rooming house, and women's shelter.

#### Berkshire Homeless Children's Fund (BHCF)/ Family Life Support Center Inc.(FLSC)

The bank's Marketing Officer is involved with BHCF as a Committee Member and with FLSC as a Board of Directors' member.

#### Downtown Development Inc., North Adams (DDNA)

DDNA works to ensure on-going development in targeted areas of the City of North Adams. Berkshire Bank's Branch Officer in North Adams serves as a Director of DDNA.

#### Central Berkshire Habitat for Humanity (Habitat)

A bank employee serves on the Fundraising and on the Volunteer Committees of Habitat.

#### Northern Berkshire YMCA

A Berkshire Bank Director serves as a Director of this organization.

#### Girls, Inc.

A Director of Berkshire Bank previously served as Board Chairman and currently serves as Associate Board Member of Girls, Inc.

#### Pittsfield Boys' & Girls' Club

A Berkshire Bank Director serves as a Director and as Treasurer of the Pittsfield Boys' & Girls' Club.

### **Education Seminars and Services**

In addition to those seminars discussed in the Fair Lending portion of this Public Evaluation, Berkshire Bank officers and employees have participated in seminars and events to inform participants of the bank's products and services that help meet the credit needs of the community.

Berkshire Bank is a participant in the Homeowner Options for Massachusetts Elders (HOME) program by offering reverse mortgages and Senior Equity Lines of Credit (SELOC) to elders in Berkshire County struggling to maintain their independence in their homes. In 1999, a bank vice president was a speaker at a seminar sponsored by HOME entitled "Successful Aging in Place", where the topic of elder fraud was addressed.

During 1999, Berkshire Bank co-sponsored along with other financial institutions, the FDIC, and AIB, four separate Y2K seminars. In total, approximately 200 individuals attended.

On October 29, 1999, the bank co-sponsored, with other financial institutions, a program entitled "Berkshire County Housing Symposium". Held at the Massachusetts College of Liberal Arts in North Adams, the symposium provided information to agencies, institutions, and individuals that then interact with their clients. Representatives from housing authorities, CDCs, Town Administrators/Managers, housing site managers, financial institutions, and others attended.

Periodically, Berkshire Bank co-hosts seminars entitled "Fresh Start Program". The "Fresh Start Program" encourages individuals who may have had a negative relationship with a financial institution in the past, to re-establish or initiate a relationship with a financial institution. Attendees receive a coupon entitling them to a passbook savings account with no minimum deposit or balance requirement, no monthly fee, and up to five free money orders per month. In 1999, two sessions were offered at the Elizabeth Freeman Center (women's services); one session was held at "Our House" a shelter on West Street in Pittsfield; one session was held at Berkshire Training and Employment (BTEP) in Pittsfield; one session was held at the BTEP in North Adams; and one session was held at Redfield House (home for single mothers) in Pittsfield. A total of 52 individuals attended these sessions.

The bank continues its school education program, which it began in 1978. The components of the program include an overview of the banking industry, deposits, savings, credit and borrowing, and banking careers. Presentations are structured for grammar, middle, and high school levels. In addition, bank tours are offered as reinforcement to the classroom instruction. This program reaches all segments of the local community and students are encouraged to bring class materials to the attention of their parents.

During the 1997-1998 school year, over 130 presentations were made to approximately 3,500 students. During the 1998-1999 school year, 170 presentations were made that included 4,806 students.

Berkshire Bank historically has offered a School Savings Program. The bank recently agreed to participate in the "Savings Makes Cents" program, a natural transition to its already existing savings program. Berkshire Bank will open savings accounts for each child wishing to participate with a \$5 deposit provided by the bank. Currently, the bank is working with Becket Elementary, Craneville Elementary, Hancock Elementary, Sacred Heart, St. Agnes, and Undermountain Elementary schools.

#### **METROPOLITAN STATISTICAL AREAS**

***Pittsfield Metropolitan Statistical Area (MSA).***

Berkshire Bank's assessment area involves the Pittsfield MSA. Those communities that are located within the Pittsfield MSA are Adams, Becket, Cheshire, Dalton, Hancock, Hinsdale, Lanesboro, Lee, Lenox, New Ashford, Otis, Pittsfield, Richmond, Stockbridge, and Washington. Regarding Berkshire Bank's entire assessment area, 61.1 percent of the communities are located within the Pittsfield MSA. Those communities in the bank's assessment area that are not in the Pittsfield MSA are in the non-MSA.

Since the majority of Berkshire Bank's activity in the Lending, Investment, and Service Tests was in the Pittsfield MSA, a separate analysis of the bank's performance under those tests within just the Pittsfield MSA was not performed.

## **APPENDIX A**

### **SCOPE OF EXAMINATION**

As of the close of business, February 25, 2000, a review of compliance with applicable consumer and fair lending rules and regulations and a CRA examination was conducted at Berkshire Bank's main office in Pittsfield, Massachusetts. The bank's lending products reviewed at this examination include HMDA reportable (residential mortgage and home improvement) loan originations/purchases and small business loan originations. These products were analyzed under seven performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending, Loss of Affordable Housing, and Fair Lending Practices.

In addition, Berkshire Bank's performance under both the Investment and Service Tests were reviewed.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **BERKSHIRE BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **FEBRUARY 25, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_



# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.